

## Message Text

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65

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W  
----- 117734

R 081903Z APR 76  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 2731  
INFO USDOC WASHDC

UNCLAS CARACAS 4062

E.O. 11652: N/A  
TAGS: BEXP, VE  
SUBJ: ROPOZULIA DEVELOPMENT FEASIBILITY STUDY DELAYED

REF: A) CARACAS 1421, B) CARACAS 3517

1. CONSUL J. CASON, AMCONSULATE MARACAIBO, REPORTS THAT CANADIAN FIRM, STELCO TECHNICAL SERVICES LTD. HAS TEMPORARILY SUSPENDED WORK ON FEASIBILITY STUDY BEING PREPARED FOR CORPOZULIA. SUSPENSION OF STUDY DUE TO ENFORCEMENT OF GOV AUSTERITY PROGRAM (REFTEL A) WHICH PROHIBITS CONTRACTING OR HIRING OF CONSULTANTS OR ADVISORS WITHOUT MINISTERIAL LEVEL APPROVAL AND PRESIDENTIAL RATIFICATION. CORPOZULIA EXPECTS TO RECEIVE NECESSARY CLEARANCE TO RENEW CONTRACT AND ESTIMATES THAT STUDY COMPLETION DATE WILL BE PUSHED BACK FROM AUGUST 1976 TO OCTOBER 1976 AS A RESULT OF THE DELAY. ALL OTHER TARGET DATES GIVEN REFTEL (B) EXPECTED TO REMAIN FIRM.
2. CVG-SIDOR AND CORPOZULIA HAVE REQUESTED SPECIAL EXEMPTIONS FROM THE AUSTERITY PROGRAM REQUIREMENTS ON HIRING OF CONSULTANTS.
3. COMMENT: THE AUSTERITY MEASURE WAS ORIGINALLY DESIGNATED TO AVOID CIRCUMVENTION OF THE GOV PERSONNEL FREEZE. NOW, FOR WHAT APPEARS TO BE THE FIRST TIME SINCE THE PRESIDENT'S JANUARY 18TH PROCLAMATION, THE RULING IS DELAYING A KEY GOV DEVELOPMENT PROJECT. SINCE THE JANUARY ORDER, CONTRACTS FOR CONSULTANTS HAVE BEEN SIGNED BY NUMEROUS GOV AGENCIES, INCLUDING CVG-SIDOR, CADAFE, AND THE MINISTRY OF DEVELOPMENT

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WITH NO APPARENT GOV INTERVENTION. BLANKET ENFORCEMENT OF THIS

ORDER, COUPLED WITH DELAYS IN GRANTING APPROVAL FOR HIRING  
CONSULTANTS AND ADVISERS ON BONAFIDE DEVELOPMENT PROJECTS,  
WOULD SERIOUSLY HAMPER GOV DEVELOPMENT PROGRAM AS WELL AS HINDER  
POST EFFORTS TO MAXIMIZE PARTICIPATION OF U.S. CONSULTANTS IN  
MAJOR DEVELOPMENT PROJECTS. EVEN IF "EXEMPTIONS" WERE  
GRANTED TO CVG-SIDOR AND CORPOZULIA, IT IS DOUBTFUL THAT  
SUCH EXEMPTIONS WOULD BE EXTENDED, ON A BROAD BASIS, TO  
THE MINISTRIES THAT THE ORDER HAS BEEN DESIGNED TO CONTROL.  
SHLAUDEMAM

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**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 APR 1976  
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**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Subject:** ROPOZULIA DEVELOPMENT FEASIBILITY STUDY DELAYED  
**TAGS:** BEXP, VE  
**To:** STATE  
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